

- Unemployment rate inches up to 4.8% in August
- Building permits down 3.3% in July
- Room revenues rise in May; preliminary estimates suggest June was another good month

Labour Force

- **British Columbia's unemployment rate inched up to 4.8% (seasonally adjusted) in August**, as a marginal drop in the number of jobs (-0.1%, or -2,200) was accompanied by virtually no change (+0.0%, or +200) in the number of people who were either working or looking for work. BC's unemployment rate remained among the lowest in the country, and was only 0.6 percentage points higher than Alberta's (4.2%). Manitoba (4.5%) had the second-lowest unemployment rate in the country, while BC was ranked third among the provinces. The participation rate remained stable in August, with 65.5% of the working age population (15 and older) in the labour force.

Data Source: Statistics Canada

- **Employment in the goods sector slipped back 1.0% with the number of jobs declining or stalling in most industries.** The number of jobs in construction was virtually unchanged (-0.1%), while employment in utilities dropped (-2.2%) for the first time since April. At the same time, there were fewer jobs in manufacturing (-4.1%) and agriculture (-1.5%). However, primary industries (forestry, fishing & mining) took on 10.9% more workers.

The service sector, which employs eight out of every ten workers in the province, recorded a marginal increase in employment (+0.1%) as job growth in some industries was offset by declines in others, particularly those with a large public sector component. Employment in public administration slipped 11.7% and there were fewer jobs in education (-2.9%) and health care & social assistance (-1.3%). However, professional, scientific & technical services (+7.2%) and management & administration (+6.0%)

took on significantly more workers.

Data Source: Statistics Canada

- **More men (+0.3%) but fewer women (-0.6%) had jobs in August.** Employment fell in both the public (-1.4%) and private (-1.3%) sector, but there was a big increase in the number of self-employed British Columbians (+5.4%). Full-time employment edged up 0.8%, while the number of people with part-time jobs slipped (-3.6%). The unemployment rate for young people (aged 18-24) remained relatively low (8.0%), but was nearly double the 4.2% rate for workers aged 25 and over.

Data Source: Statistics Canada

Among the regions, jobless rates ranged from 3.5% (3-month moving average, unadjusted) in Northeast to 6.2% in Cariboo. Unemployment rates were down in all regions except Thompson-Okanagan and Kootenay, where job growth has failed to keep pace with an expanding labour force. Kelowna (7.7%) and Kamloops (6.3%) both recorded comparatively high jobless rates in August. North Coast/Nechako and Northeast saw the rate despite falling employment because the labour force shrank together with the number of jobs.

In Vancouver, the unemployment rate fell to 3.8% (seasonally adjusted) from 4.0% in the previous month. Victoria, however, saw a 0.6 percentage point increase (to 3.9%). Abbotsford, BC's third census metropolitan area, had an unemployment rate of 4.2% in August.

Data Source: Statistics Canada & BC Stats

The Economy

- **The value of building permits issued by BC municipalities slipped 3.3% (seasonally adjusted) in July**, as an increase in non-residential permits (+11.0%) was unable to

Did you know...

Unmarried individuals in BC are more likely to have lived with a romantic partner out of wedlock (55%) than are their counterparts in the Prairies (41%) *Data Source: Ipsos-Reid Survey*

offset at 9.6% decline in planned spending on residential building projects.

In Victoria, permits were up 104.0%, the most significant increase in the country. On the other hand, both Abbotsford (-49.8%) and Vancouver (-27.2%) posted substantial decreases.

Nationally, permits dropped 2.3% with decreases in other provinces ranging from -3.5% in Ontario to -28.9% in Nova Scotia. Four provinces posted increases in July, the most notable of which was in Saskatchewan (+51.9%).

Data Source: Statistics Canada

- **Year-to-date, building permits were 12.4% higher than in the first seven months of 2005, with five regions posting significant increases in the value of permits issued.** Permits jumped 92.7% in Northeast, partly due to a residential building boom (+54.2%) together with big increases in planned spending on commercial and institutional projects.

In Vancouver Island/Coast, a 24.0% increase in the value of permits reflected significantly higher spending on commercial, industrial and residential projects. More modest increases in the value of permits were recorded in North Coast (+12.8%) and Mainland/Southwest (+11.6%).

Planned spending on new projects fell in three regions, with the biggest decline occurring in Nechako (-26.5%), where the value of permits issued for industrial projects plunged. Municipalities in Cariboo (-10.1%) and Kootenay (-5.4%) also saw permits fall below 2005 year-to-date levels.

Data Source: Statistics Canada & BC Stats

Tourism

- **Room revenues at BC accommodation properties were up 3.9% (seasonally adjusted) in May.** All regions recorded gains, with the biggest increase occurring in Northeast (+17.3%). Revenues in Nechako rose 4.9%, as a three-month-long downturn came to an end. Mainland/Southwest (+4.1%), North Coast (+4.1%), Kootenay (+3.2%), Thompson-Okanagan (+2.4%) and Vancouver Island/Coast (+2.0%) posted robust growth but room revenues in Cariboo (+0.5%) increased only slightly in May.

Preliminary figures indicate that room revenues continued on an upward track (+2.1%) in June, with revenues rising in most regions. The strongest showing was in Mainland/Southwest (+3.7%), which posted a fourth straight monthly gain.

Data Source: BC Stats

Science and Technology

- **Federal government spending on science and technology (S&T) is expected to total just under \$9.2 billion in the 2006/2007 fiscal year, accounting for 4.6% of total federal spending.** Intended S&T expenditure is slightly lower (-0.5%) than in 2005/2006, when spending topped \$9.2 billion.

A total of \$5.7 billion (62% of federal S&T spending) is intended for research and development (R&D) with the remaining \$3.5 billion allocated for related scientific activities (RSA) such as data collection and information services.

Most of the federal S&T spending is expected to go to funding for natural sciences & engineering (\$6.9 billion), with the remaining \$2.3 billion going to the social sciences. Almost all (\$5.0 billion) of the R&D expenditures are expected to be in the natural sciences, with the lion's share going to federal government departments and agencies (\$2.0 billion) or higher education institutions (\$2.0 billion). However, federal expenditures on related scientific activities will be more evenly distributed between engineering & natural sciences (\$1.9 billion) and the social sciences (\$1.6 billion). Of the \$3.5 billion spent on RSA, \$2.7 billion will fund intramural activities performed by the federal government.

Data Source: SC Cat. No.88-001-XIE

- **Foreign direct investment totalled \$8.4 billion (unadjusted) during the second quarter.** Foreign investment in Canadian stocks (\$9.1 billion) and the Canadian money market paper (\$1.6 billion) both hit record levels. Canadian direct investment abroad was \$11.0 billion.

Data Source: Statistics Canada

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Contact: Karen Calderbank (250) 387-0327

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B.C.'s Construction Labour Boom

By Martin Monkman

Two and a half years of growth in construction labour

A doubling of housing starts in BC in from 2001 to 2005¹ and a 25% jump in investment in non-residential building construction during 2005² are two clear signs that BC is in the midst of a construction boom. Across BC, news outlets are reporting that significant construction projects are experiencing delays and cost pressures for a single reason: a shortage of skilled construction trades workers.³

In 2005, the number of people employed in the construction industry rose 16.7% to 168,000. This followed an even bigger jump of 20.2% in 2004.

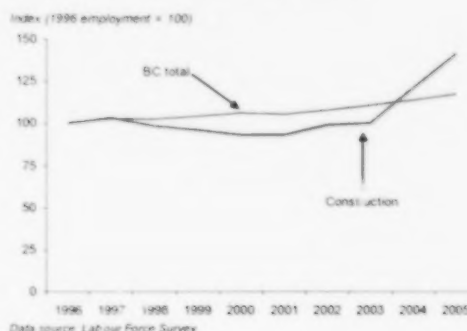
This growth is continuing in 2006. July again saw a year-over-year increase in the number of BC residents working in the construction industry. This was the 33rd consecutive month with an increase over the same month of the previous year.

Construction: nearly half of all new jobs in BC

The construction boom is playing a huge part in BC's total job growth. In 2004 and 2005, new jobs in the construction industry accounted for 42% of the new jobs in the provincial economy.

Since 2003, the number of people working in the construction industry has boomed, but the long-term trend in BC is quite a different tale.

After a decade-long slump, construction employment in BC has boomed



The number of people employed in the construction industry grew modestly to 123,000 in 1997, but then fell year-over-year from 1998 to 2001. That year, the number of construction workers employed in the industry bottomed out at just under 111,000.

In 2002 and 2003, growth was modest, but, since then, double-digit growth has swelled the number to 168,000.

Construction earnings and hours stall

In spite of the rapid expansion in the number of workers in the construction industry in 2005, average weekly earnings fell slightly (-0.7%) to \$779. This drop was due entirely to the third consecutive annual decline in the average hourly wage (to \$19.57), with the length of the work week remaining unchanged at 36.2 hours.

The construction industry is growing largely through the introduction of young, relatively inexperienced workers. Since 2000, the proportion of workers aged 15-24 has grown from 9.8% of the industry to 17.1%. In absolute terms, the number of young workers has jumped from 10,900 to 28,800 in the past five years, and they

¹ Canadian Housing & Mortgage Corporation, *Residential building activity - 2005*, April 2006, p. 16.

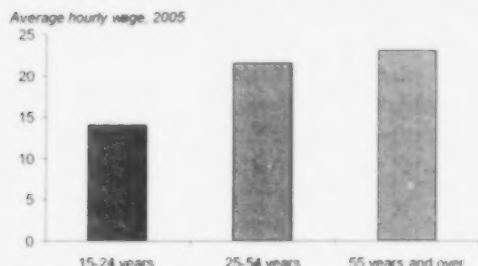
² BC Stats, *Infoline*, Issue 06-21, May 26, 2006, p. 1.

³ "Skills shortage hampers Jubilee upgrade", *The Daily Courier* (Kelowna), Page A01, May 29, 2006.

account for almost one out of every three new workers in the industry.

It is important to note that young workers in the industry are paid approximately 35% less than their older counterparts. As the proportion of lower-paid young workers grows, the overall average earnings drops.

Young workers are paid significantly less

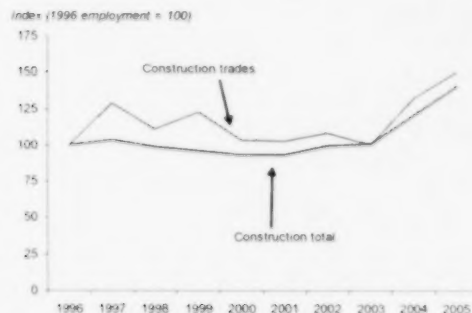


Data source: Labour Force Survey

Skilled workers in construction

A substantial part of the construction industry is made up of skilled workers in construction trades. During the current boom, the proportion of construction trades workers employed in the industry has grown only slightly slower than the overall increase in employment.

Growth in construction trades employment keeping pace with the industry as a whole

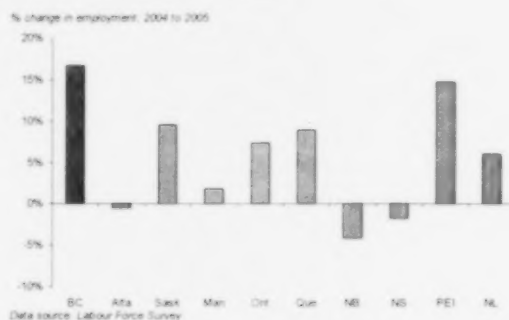


Data source: Labour Force Survey

BC's boom leads Canada

BC's 16.7% growth in construction employment in BC led Canada during 2005. The next-largest increase was recorded in PEI, with growth of 14.2%.

BC's growth leads Canada



Data source: Labour Force Survey

During 2005, employment in construction in Alberta fell slightly (-0.5%) after seven consecutive annual increases. BC is also the only province where the increases have been greater than 10% in the past two years.

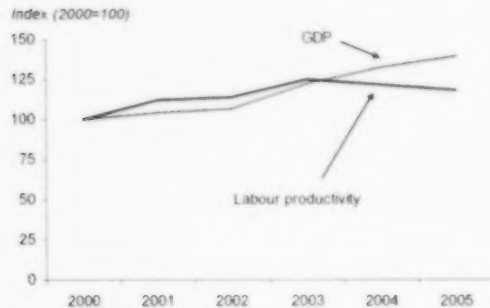
In spite of the drop in average weekly earnings, BC construction workers earn more per week than any others in Canada except those in Alberta and Ontario.

On an hourly basis, the earnings of construction workers in Ontario led the country (\$21.26/hour), while those in Newfoundland & Labrador had the longest average work week (43.2 hours). By comparison, BC workers were fourth in hourly wage rate, and only construction workers in Quebec worked a shorter week.

Output climbs, but productivity falls during the construction boom

The construction industry in BC has created increased value, as measured by Gross Domestic Product (GDP), over the past five years, coinciding with the increases in construction employment. In 2005, GDP generated by the construction industry stood 39% higher than in 2000.

GDP rises, productivity falls



Data source: Labour Force Survey & BC Stats

In the past three years, however, labour productivity—the total output (GDP) created by an hour's labour—has fallen. This decrease in efficiency coincides with the increase in the proportion of workers aged 15–24 in the construction industry, suggesting that—as we might expect—inexperienced workers are not as productive as their more experienced counterparts.

Is a bust looming on the horizon?

The near-term forecast is for continued growth in the construction industry, with a combination of a strong real estate market driving new housing construction and the infrastructure and facilities associated with the 2010 Olympics continuing to increase demand for construction workers. One forecast indicates that during 2006 and 2007, 26,000 more workers will be added to the industry.⁴

The continued boom will, however, put pressure on the labour market, with a very real possibility of labour shortages. These shortages could dampen potential growth, and "BC will have to find the solution in attracting more people, encouraging more people to enter the labour force or using its workers more efficiently."⁵ The outstanding question for the construction industry is can the downward trend in labour productivity be reversed?

⁴ Economic Analysis of British Columbia, *BC Labour Market Outlook 2006-2007*, vol 26 no 1, February 2006.

⁵ P. White, M. Michalowski and P. Cross, "The West Coast Boom", *Canadian Economic Observer* (Statistics Canada, cat #11-010), May 2006, p 3 11.



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- Sample types—simple random; systematic; stratified; cluster and multi-stage samples; area frames and intercept surveys
- The factors affecting sample size

Questionnaires

- Motivating response and minimizing error
- Questionnaire design—how to avoid common pitfalls in wording, sequencing and layout
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- Processing survey responses

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Survey Planning

- Performance measures
- Client satisfaction vs. employee satisfaction
- Fundamentals of collecting data and maximizing response

Sampling Methods

- Probability vs. non-probability sampling
- Sample types and exit surveys
- The factors affecting sample size

Questionnaires

- Question structure; open and closed questions
- Rating scales
- Questionnaire design; wording, sequencing and layout

Processing and Analysis

- The "drivers" of satisfaction
- Summarizing, graphing and presenting survey findings

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BC at a glance . . .

POPULATION (thousands)		% change on one year ago
	Apr 1/06	
BC	4,292.2	1.3
Canada	32,501.1	1.0
GDP and INCOME		% change on one year ago
(BC - at market prices)		2005
Gross Domestic Product (GDP) (\$ millions)	168,011	6.8
GDP (\$ 1997 millions)	144,028	3.5
GDP (\$ 1997 per Capita)	33,853	2.2
Personal Disposable Income (\$ 1997 per Capita)	20,693	2.5
TRADE (\$ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Jun	3,851	1.1
Merchandise Exports - Jun	2,923	7.7
Retail Sales - Jun	4,419	-1.4
CONSUMER PRICE INDEX		12-month avg % change
(all items - Jul 2006)		
BC	2.0	2.0
Vancouver	2.0	1.8
Victoria	1.8	2.0
Canada	2.4	2.5
LABOUR FORCE (thousands)		% change on prev. month
(seasonally adjusted)		Aug '06
Labour Force - BC	2,304	0.0
Employed - BC	2,193	-0.1
Unemployed - BC	111	2.3
		Jul '06
Unemployment Rate - BC (percent)	4.8	4.7
Unemployment Rate - Canada (percent)	6.5	6.4
INTEREST RATES (percent)		Sep 7/05
		Sep 6/06
Prime Business Rate	6.00	4.25
Conventional Mortgages - 1 year	6.40	5.00
- 5 year	6.75	5.80
US/CANADA EXCHANGE RATE		Sep 7/05
		Sep 6/06
(avg. noon spot rate) Cdn \$	1.1053	1.1863
US \$ (reciprocal of the closing rate)	0.9042	0.8415
AVERAGE WEEKLY WAGE RATE		% change on one year ago
(industrial aggregate - dollars)		Aug '06
BC	728.13	3.6
Canada	734.85	3.8

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics
For latest Weekly Financial Statistics see www.bankofcanada.ca

BC and Regional population projections

Projected population to 2031 for British Columbia and a variety of small regions within B.C. (P.E.O.P.L.E. 31).

www.bcstats.gov.bc.ca/data/pop/pop/popproj.asp#admin

Regional employment projections

BC Stats, with the financial assistance of the Ministry of Advanced Education, developed the Regional Employment Projection Model (REPM), designed to project industrial and occupational employment in regions of the Province of British Columbia.

www.bcstats.gov.bc.ca/data/lss/repm.asp

Socio-Economic Profiles & Indices 2005

Updated annually, this body of work provides a coherent and relatively comprehensive measurement of social stressors at sub-provincial areas. Charts, tables and, within the indices, consolidated rankings, make the information broadly accessible.

www.bcstats.gov.bc.ca/data/sep/index.asp

Released this week by BC STATS

- Tourism Sector Monitor, August 2006
- Labour Force Statistics, August 2006

Next week

- Exports, July 2006
- Earnings and Employment Trends, Aug. 2006

